



Information Bulletin

PST-29

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THE PROVINCIAL SALES TAX ACT

INFORMATION FOR AUTOBODY SHOPS

This bulletin has been prepared to help you apply and collect the Provincial Sales Tax. It is a general guide and not a substitute for the legislation.

Changes to this bulletin are indicated by a bar (|), in the left margin.

The contents of this bulletin are presented under the following headings:

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Effective November 8, 2007 Provincial Sales Tax (PST) no longer applies to the sale of eligible used light vehicles on which PST has previously been paid in full.

A. REPAIR PARTS AND LABOUR

An autobody shop is required to collect the tax on all new and used parts installed on motor vehicles. All repair labour is subject to tax, including painting, undercoating, rustproofing, wheel alignment, wheel balancing, frame straightening, body repair, and body rebuilding.

Mandatory safety inspections (SGI) are exempt.

B. USED PERSONAL GOODS

When individuals purchase used goods (other than vehicles) for personal use, tax applies to the selling price of the goods less a deduction of \$300 per item. This deduction applies whether the goods are purchased from a business or privately. If a trade-in is involved, the purchaser is entitled to the \$300 deduction or the value of the trade-in, whichever is greater. If the goods are purchased for commercial use, the \$300 deduction does not apply.

C. REMANUFACTURED OR RECONDITIONED ARTICLES

Remanufactured items, such as motors, transmissions, alternators, starters, brake shoes, fuel pumps, and water pumps purchased on an exchange basis are subject to tax on the exchange price. In situations where a core is subsequently returned the tax may be refunded.

If a customer's article is repaired and no exchange takes place, tax must be collected on the repair parts and repair labour.

D. PAINT MATERIALS

An autobody shop that charges a fixed percentage of the total labour charge to cover paint materials must collect the tax on this amount providing it is shown on the customer's sales invoice. The autobody shop is not required to remit the tax on the purchase cost of these paint materials. Paint materials include the following:

- Compound
- Glass cleaner
- Hardener
- Kleen sol
- Litho wipers
- Masking paper
- Masking tape
- Metal prep
- Paint
- Paint remover
- Paint strainers
- Primer/undercoat
- Putty
- Reducer
- Retarder
- Rust proofing
- Sanding disc
- Sealers
- Silicone
- Tac rags
- Thinner
- Wax
- Wet and dry sandpaper
- Other such items that may be used in daily painting operations

E. SHOP SUPPLIES

An autobody shop that charges a fixed percentage of the total labour charge to cover shop supplies must collect the tax on this amount providing it is shown on the customer's sales invoice. The autobody shop is not required to remit the tax on the purchase cost of these shop supplies. Shop supplies include the following:

- Abrasive stones and discs
- Acid core solder and bits
- Adhesive sealant
- Bearing grease
- Bench lubricant
- Brass rods
- Carburetor solvent
- Chassis grease
- Choke cleaner
- Door ease
- Electric rods
- Electrical tape
- Fibreglass
- Gasket material
- Gasket sealer compound
- Glue
- Lubriplate paste
- Mechanical wire
- Minor hardware (nuts, bolts, washers)
- Parts cleaning solvent
- Permatex compound
- Protective material
- Resin
- Sandpaper
- Solder
- Steel rods
- Steel wool
- Upholstery cleaner
- Window weld
- Wiping rags

F. SUBLET REPAIRS

Repairs sublet to other shops may be purchased exempt from tax by quoting your vendor's licence number to your supplier. Tax must be collected on repair parts and labour charges invoiced to your customer.

G. USED VEHICLES

Effective November 8, 2007, used light vehicles became tax exempt. To qualify for this exemption, a vehicle must have had the PST previously paid in full on it and it must fall into one of the following categories:

- Cars,
- Sport utility vehicles,
- Light vans (mini-vans, passenger vans and cargo vans that are rated "one ton" or less), and,
- Light trucks (quarter ton, half ton, three-quarter ton and one ton trucks).

Excluded from the exemption are heavy vehicles, buses, trailers, motor homes, motorcycles, mopeds and leisure vehicles such as ATV's, snowmobiles and boats.

The taxable value on commercial sales is calculated on the cash difference which is the purchase price less any trade-in.

The value of all used vehicles accepted as a trade-in at the time of purchase of another vehicle may be subtracted from the purchase price of the vehicle before the PST is applied. Where a trade-in is allowed, the customer's invoice must separate the selling price of the vehicle, the trade-in amount, and the amount of Provincial Sales Tax collected. If these charges are not separated, the motor licence issuer will collect the tax at the time of registration, or refuse to register the vehicle.

Please refer to Information Bulletin PST-18 for further details of this tax exemption. A copy of this bulletin is available upon request.

Autobody shops are not required to pay tax on parts or repair labour used to repair vehicles which are in their taxable inventory for resale purposes or for daily rental and leased vehicles. Tax will be charged on the selling price to the customer, excluding the GST.

Autobody shops are required to pay tax on parts or repair labour used to repair eligible used light vehicles which are in their exempt inventory for resale purposes, or for daily rental and leased vehicles.

H. EXEMPT SALES

- Goods and labour services sold for resale to other vendors (the purchaser's Provincial Sales Tax licence number must be recorded on the sales invoice).
- Eligible used vehicles where it can be clearly demonstrated that the Saskatchewan PST was previously paid in full.
- Carriers may purchase vehicles, trailers and certain repair parts and labour services tax free for interjurisdictional transportation purposes. The carrier's cab card number must be recorded on the sales invoice. For further information on exemptions for interjurisdictional carriers, please refer to Information Bulletin PST-50. A copy of this bulletin is available upon request.
- Repairs to rental or leasing company vehicles (the purchaser's Provincial Sales Tax licence number must be recorded on the sales invoice).

- Sales to non-residents where the goods are shipped out-of-province by the vendor (evidence of shipment must be retained) **but not** sales to non-residents which are taken at the time of purchase (including vehicle repairs).
- Sales to Indians upon presentation of a Certificate of Indian Status identification card issued under the Indian Act, providing the goods are delivered to a reserve, or the services are provided to an Indian on a reserve (the complete 10 digit number must be recorded on the sales invoice).
- Sales to federal government departments and agencies (sales to federal Crown corporations are taxable).

I. SALES OF USED BUSINESS ASSETS

Businesses are required to collect tax on the sale of used assets, such as vehicles and equipment. When used assets are being sold as part of the closure of a business, the purchaser is required to self-assess and report the tax.

J. GOODS AND SERVICES FOR YOUR OWN USE

Businesses are required to pay tax on purchases of equipment, services and supplies used in their business. If they are purchased from a licensed supplier, tax must be paid to the supplier. If they are purchased from an unlicensed supplier located outside Saskatchewan, tax must be submitted with your return on the laid down cost, which includes exchange, transportation charges, customs duties, and importation charges, but not the GST.

K. SASKATCHEWAN ELECTRONIC TAX SERVICE (SETS)

Saskatchewan Finance has made it possible to report and remit tax electronically through the use of a standard Internet connection. The Saskatchewan Electronic Tax Service (SETS) offers a secure, fast, easy and convenient alternative to filing returns in paper format. Several E-File services are currently available through SETS.

Businesses may use SETS to file and pay returns for Provincial Sales Tax and other provincial taxes.

SETS allows businesses to:

- File and pay returns or make payments on account.
- File a return and post-date the payment to the due date.
- View account balance and statement information.
- Authorize your accountant to file on your behalf.
- Subscribe to an E-mail Notification Service that allows the option to be notified by e-mail that a tax return should be filed (replaces the paper forms normally received in the mail).

FOR FURTHER INFORMATION

Write: Saskatchewan Finance
Revenue Division
2350 Albert Street
Regina, Saskatchewan
S4P 4A6

Telephone: Toll Free 1-800-667-6102
Regina 306-787-6645

E-mail: sask.tax.info@finance.gov.sk.ca

Fax: 306-787-9644

Internet: Provincial Sales Tax bulletins, forms and information are available on the Internet at:

<http://www.finance.gov.sk.ca/taxes/pst>

To receive automatic e-mail notification when this (or any other) bulletin is revised, go to www.finance.gov.sk.ca/taxes, click on the "What's New" information then click on the "subscribe" button.